

WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP

Democrats' Financial Regulation Bills Fail Is The Wrong Answer To Address The Causes Of The Financial Crisis.

-

The Democrats' proposals for financial regulatory reform in the House and Senate fail to rein in Wall Street and address the real cause of the financial crisis.

-

Nothing in the Democrats' bills would have prevented the financial crisis from happening. Instead of addressing issues that were exposed by the crisis, the Democrats have chosen to create new layers of regulation, add more bureaucracy on top of the alphabet soup of existing federal regulators, and continue the bailouts.

-

The Democrats' fail to:

-

Bring an end to "too big to fail." Instead, the Democrats direct regulators to designate financial institutions as "too big to fail." This designation is dangerous as it carries tremendous benefits to the firm receiving it, but places taxpayers on the hook for future bailouts.

-

Fundamentally reform the Securities and Exchange Commission and the Federal Reserve. Both House and Senate bills grant the Securities and Exchange Commission and the Federal Reserve—the two regulators that failed miserably to police the financial markets and address systemic risk in the period leading up to the crisis—with new powers and missions to oversee the market. Never has regulatory failure been so richly rewarded with such far-reaching regulatory authorities.

-

End the bailout of Fannie and Freddie and reform these two Government Sponsored Enterprises. The House bill is utterly silent on the future of these two entities that have cost taxpayers more than \$145 billion. The Senate bill merely asks Treasury to conduct a study.

-

End the reliance on credit rating agencies. Rather than remove the federal government's "Good Housekeeping Seal of Approval" over the credit ratings process, the Senate bill further entrenches the federal government in this process by establishing a federal Credit Rating Agency Board to hand-pick which credit rating agencies may perform initial ratings of structured finance products.

-

In many ways, the Democrats' proposals will have a detrimental impact on job creation and economic activity.

Financial Regulatory Reform: A Missed Opportunity To Address Fannie And Freddie

-

Fannie and Freddie were at the heart of the financial crisis, and yet the Democrats have chosen not to tackle this problem in financial reform legislation.

-

Just a few weeks ago, Rep. Paul Kanjorski said on CNBC that Fannie and Freddie were "too complicated" to address in financial regulatory reform legislation. Since when is that a legitimate excuse for congressional inaction? Our elected representatives have a duty to address issues of national significance, especially when hundreds of billions of taxpayer dollars are at stake.

-

Fannie and Freddie have cost the taxpayers \$145 billion since late 2008.

-

While Fannie and Freddie continue to hemorrhage hundreds of billions of dollars, Democrats are ignoring the need to reform them, opting instead to continue their unlimited Federal bailouts.

-

Enough is enough. It is time for Democrats to address the root cause of the financial crisis, end the bailout and reform Fannie and Freddie.

ON THE HORIZON

Tuesday, May 25: The Full Committee will convene for a hearing on the Administration's proposal on public housing at 10 am in room 2128 Rayburn.

Wednesday, May 26: The Oversight Subcommittee will meet for a hearing on anti-money laundering at 10 am in room 2128 Rayburn. At 2 pm, the Capital Markets Subcommittee will meet to conduct oversight of the FHFA in room 2128 Rayburn.

Thursday, May 27: The Housing Subcommittee will meet to mark up H.R. 476, the Housing Fairness Act at 10 am in room 2128 Rayburn.

WEEKEND MUST-READS

Washington Post: "Senate passes financial regulation bill ... The Senate approved far-reaching new financial rules on Thursday aimed at preventing the risky behavior and regulatory failures that brought the economy to the brink of collapse two years ago and cost millions of Americans their jobs and savings."

Washington Post: "SEC launches inquiry into market's 'flash crash' ... The Securities and Exchange Commission is looking at whether key financial firms broke securities laws when they stopped buying and selling stocks during the "flash crash" on May 6, helping fuel the historic plunge in prices."

NY Times: "Investors Ease Strain on F.D.I.C. ... After contending with nearly 240 bank failures since the financial crisis struck, the Federal Deposit Insurance Corporation is finally getting some help from private investors."

NY Times: "Federal Reserve Ponders a Plan for Asset Sales ... The Federal Reserve indicated that it would wait until after it started raising interest rates before selling the huge store of assets that it acquired in response to the financial crisis. The goal would be to gradually complete the sales about five years after they begin."

USA Today: "Small businesses' credit card rates now 13.7% higher ... New evidence that banks have sharply increased rates for small-business credit cards has rekindled calls for Congress to intervene."

Wall Street Journal: "The Clearinghouse Rescue Plan ... As miracle cures go, clearinghouses for derivatives seem to be everyone's favorite. By requiring that most swap contracts be settled daily through institutions that collect and spread financial risk, Congress and Treasury claim that we can all sleep better at night without fear of more AIGs."

REPUBLICANS IN THE NEWS

Rep. Ed Royce issued this press release: [Royce Opposes Democrats TARP 3.0](#)

Rep. Judy Biggert issued this press release: Biggert Probes White House on Chicago Bank Bailout

Rep. Michele Bachmann issued this press release: Bachmann Amendment To Protect Taxpayer Dollars Passes
Financial Services Committee

Rep. Erik Paulsen issued this press release: Paulsen Debt Reduction Amendment Passes Committee

Rep. Spencer Bachus issued these press releases: Bachus Demands White House Records Regarding Reported Involvement in Chicago Bank Bailout; Bachus: Once Again Democrats Pick More Bailouts Over Protecting Taxpayers; Bachus: Democrats' TARP 3.0 Will Do Little To Help The Economy, But Plenty To Drive Up National Debt

###